

be soon observed that this term carries a wider sense), that is, portions of a valuable substance which are current or flow (the implied metaphor is somewhat mixed) between persons, as conveying, so to speak, a commodity from the one person who wishes to part with it, to another who desires it. But the term Money possesses an extended meaning, and applies to Representative money in the form of banknotes, cheques, and bills of exchange—all of which are promises to pay given by one person in favour of another—the cheque being an order upon a banker to transfer the sum expressed to the holder of the cheque, and containing therefore an implicit assurance to the receiver of the document that a sufficient amount of money belonging to the drawer of the cheque is in the possession of the banker for its discharge. A bill of exchange is a written order upon a person to pay on a stated date a specified sum of money to the person by whom it is drawn, or to any person to whom he may assign his rights, in consideration of the equivalent value of goods which the drawer has supplied.

The acceptability of these paper substitutes necessarily rests entirely upon • the degree of credit<sup>1</sup> which the givers possess; in other words, the confidence which the receivers repose in their honour and solvency, and the consequent belief in final convertibility into the actual gold which the documents represent. It is really, then, gold that is circulating in this economised and facile shape, so that the popular notion of the identity of money with gold is substantially justified. And hence, in periods of financial unrest—the root of which is the distrust or diminished confidence of each man in the solvency of those with whom he traffics—paper money cannot be circulated, since the certainty of its prompt conversion into gold—or indeed, its conversion at all—has become undermined. This state is expressed by the phrase of a decline or failure of credit or trust. (*See Note A, p. 121.*)

Thus the article • dealt in on the money market is money lent and borrowed for the selling and buying of commodities; loans to be employed in

## conducting and extending business

<sup>1</sup> Credit: Latin *credere*, to give as a loan, to lend : then by *metonymy*, to entrust, to confide, to trust to, to confide in, to believe.